An INL report on the cost of not building new electricity transmission lines, commissioned by the Pacific Northwest Economic Region's Energy Horizons project, was released at the group's annual summit Monday.

INL reports cost of forgoing NW transmission line construction

Study projects up to $85 billion in lost economic opportunity annually if new electricity transmission not built in Pacific Northwest
released by PNWER July 21, 2008

VANCOUVER, BC -- If the top five planned transmission projects in the Pacific Northwest are not built, the region will lose out on $55 billion to $85 billion in economic activity and up to 60,000 jobs annually over the next 25 years, according to a report released Monday at the Pacific NorthWest Economic Region (PNWER) annual summit in Vancouver, BC.

The study, "The Cost of NOT Building Transmission," authored by Idaho National Laboratory and commissioned by PNWER's Energy Horizons project, points to a number of consequences of not moving forward with needed transmission infrastructure, including:

• Inadequate competition to keep regional power costs down, and
• A stronger likelihood of rolling brown/black outs due to congestion of the existing grid and increase rates to rate payers.

"This report gives us, as policymakers, a better understanding of the cost of not meeting our energy needs as a region," said Rep. George Eskridge R-Idaho. "In addition to considering our energy resources, we also need to have the transmission infrastructure to get those resources to consumers. This report really underscores how transmission is vital to our collective future as a region."

The INL study was funded by a grant to PNWER's Energy Horizon project from the U.S. Department of Energy as part of an effort to provide State and Provincial policymakers with tools for decision making on energy transmission issues. A full copy of the report can be downloaded here.

The study notes that the PNWER region experienced significant population and economic growth during recent years, and all jurisdictions except for the Yukon Territory are currently experiencing growth at a rate higher than that of the combined Canadian and U.S. population. Because of this rapid growth, critical infrastructures in the energy sector are being overloaded.

According to the study, without new transmission lines, limited availability of additional power will negatively impact local economic and employment growth opportunities.

"The goal of PNWER's Energy Horizon project is to give decision makers a look into the future, to avoid crises like the 2001 California/Enron price spikes, and provide a sound foundation in energy costs for our region's economic growth," said Jeff Morris, Director of PNWER's Energy Horizon project.

The study notes that failing to deliver lower-cost wind, coal, and hydro power to load centres can increase electricity cost 40 percent to 50 percent over the next few years as growth outstrips the increases in power generation and delivery. The report also outlines new generation capacities identified in future planning by utilities, up to 2025, and predicts that the most affordable electricity generation in the Northwest will include:

1. Wind in the Columbia Valley, southern Alberta, much of Montana, central and southern Wyoming, and southern Idaho
2. Coal in central Alberta, eastern Wyoming, and central and eastern Montana
3. Cogeneration and nuclear in the oil sands of northern Alberta
4. New hydro in western British Columbia and Alberta.

In its report, INL also recommended that PNWER should explore the interrelationship of transmitted energy vs. distributed gas plants, study gas pipeline capacity to meet climate change policy goals and further study how natural gas power plants increase the cost of natural gas to local/regional consumers and how the plants are only a stop-gap solution and do not build long-term infrastructure or redundancy.

"The major deliverable from this study is that policy makers across the Pacific Northwest as well as Washington D.C and Ottawa now know the 15 most important electric transmission projects in the Pacific Northwest and what it will cost the economy in jobs and dollars if they are not built," said Morris. "This is not a definitive study of every transmission issue in the Pacific Northwest; it is a conversation starting point on what issues we

need to look at in more detail to make sure that our region's energy infrastructure gets to where it needs to be."

About PNWER
The Pacific NorthWest Economic Region (PNWER) is a regional U.S.-Canadian forum dedicated to encouraging global economic competitiveness and preserving our world-class natural environment. Its member states include: Alaska, Alberta, British Columbia, Idaho, Montana, Oregon, Washington and the Yukon. PNWER is recognized by both the United States and Canada as the "model" for regional and bi-national cooperation because of its proven success. PNWER is a respected voice and resource for our region, and provides the public and private sectors a cross-border forum for unfiltered dialogue that capitalizes upon the synergies between business leaders and government who work to advance the region's economic strength and sustainability. To learn more visit www.pnwer.org.

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